

# Power Cost Memorandum Fuel Cost Update

Date: **December 15, 2022**

|                                                                           |                                       |                                         |
|---------------------------------------------------------------------------|---------------------------------------|-----------------------------------------|
| Utility Name (Cert. No.)<br><b>Hughes Power &amp; Light Company (332)</b> | Utility File No.<br><b>PC09-0917U</b> | Date Filed:<br><b>November 22, 2022</b> |
|---------------------------------------------------------------------------|---------------------------------------|-----------------------------------------|

| PCE AMOUNT<br>SUMMARY                                                                                                                                                                               | Previously<br>Approved<br>PC09-0917T      | Staff Recommended Amount(s)<br>and Effective Date<br>PC09-0917U |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------|-----------------------------------------------------------------|
| Class<br>Rate                                                                                                                                                                                       | <u>Date Approved:</u><br>November 4, 2022 | December 16, 2022                                               |
| All                                                                                                                                                                                                 | \$0.5379                                  | \$0.6838                                                        |
| <input type="checkbox"/> Interim <input checked="" type="checkbox"/> Permanent <span style="float: right;"><input type="checkbox"/> Interim    <input checked="" type="checkbox"/> Permanent</span> |                                           |                                                                 |

|                                                                              |                                                                              |
|------------------------------------------------------------------------------|------------------------------------------------------------------------------|
| Prior Fuel Purchase Price: <u>\$ 4.8337</u>                                  | New Fuel Purchase Price: <b>\$ 6.1746</b>                                    |
| <input type="checkbox"/> Actual <input checked="" type="checkbox"/> Weighted | <input type="checkbox"/> Actual <input checked="" type="checkbox"/> Weighted |
| Delivery Charge: _____                                                       | Surcharge Change: _____                                                      |
| Previous _____                                                               | Updated _____                                                                |

| Weighted Average Fuel Price/Gal. Calculation |               |   |        |   |                               |
|----------------------------------------------|---------------|---|--------|---|-------------------------------|
|                                              | Gallons       |   | Price  |   |                               |
| On-hand before deliv.                        | 1,660         | X | 4.8337 | = | \$ 8,023.95                   |
| Delivered                                    | 9,556         | X | 6.4075 | = | \$ 61,230.07                  |
|                                              | <u>11,216</u> |   |        |   | <u>\$ 69,254.02</u>           |
|                                              |               |   |        |   | Weighted<br>Average<br>6.1746 |

Signed: \_\_\_\_\_

*Brenda Cox*  
Brenda Cox

Utility Financial Analyst

**Commission decision re. this recommendation :**

|          | Date (if different<br>from 12/15/22) | I<br>CONCUR      | I DO NOT<br>CONCUR | I WILL WRITE<br>A DISSENTING<br>STATEMENT * |
|----------|--------------------------------------|------------------|--------------------|---------------------------------------------|
| Kurber   |                                      | <i>KKT</i>       |                    |                                             |
| Doyle    |                                      | <i>BD</i><br>BD  |                    |                                             |
| Pickett  |                                      | <i>RMP</i><br>RP |                    |                                             |
| Sullivan |                                      | <i>DS</i><br>DS  |                    |                                             |
| Wilson   |                                      | <i>JW</i>        |                    |                                             |

*Special Instructions to Staff:*

\* If this column is initialed, Staff will contact the Commissioner for the statement, otherwise, dissent will simply be noted at the close of the By Direction Letter or Order.

# HUGHES POWER & LIGHT COMPANY

APPENDIX 1

POWER COST EQUALIZATION CALCULATION  
BASED ON TEST YEAR ENDING JUNE 30, 2017

## Fuel Cost Update

|                                                          | PC09-0917T                      | PC09-0917U         |                      |
|----------------------------------------------------------|---------------------------------|--------------------|----------------------|
|                                                          | Prior<br>Commission<br>Approved | Utility<br>Request | Staff<br>Recommended |
| A. Total KWH Generated                                   | 463,447                         | 463,447            | 463,447              |
| B. Total KWH Sold (Appendix 2)                           | 385,509                         | 385,509            | 385,509              |
| C. Total Non-Fuel Costs (Appendix 2)                     | 80,328                          | 80,328             | 80,328               |
| <b>D. Non-Fuel Cost/KWH (C / B)</b>                      | <b>\$0.2084</b>                 | <b>\$0.2084</b>    | <b>\$0.2084</b>      |
| E. Total Fuel Costs (Appendix 2)                         | 213,447                         | 272,657            | 272,657              |
| <b>F. Fuel Costs/KWH (E / B)</b>                         | <b>\$0.5537</b>                 | <b>\$0.7073</b>    | <b>\$0.7073</b>      |
| G. Eligible Costs/KWH (D + F)                            | \$0.7620                        | \$0.9156           | \$0.9156             |
| <b>H. Eligible Cost/KWH (G)<br/>Less 19.58 cents/kWh</b> | <b>\$0.5662</b>                 | <b>\$0.7198</b>    | <b>\$0.7198</b>      |
| I. Lesser of (H) or 80.42 cents/kWh                      | \$0.5662                        | \$0.7198           | \$0.7198             |
| J. Average Class Rates (Appendix 3)<br>All               | \$0.7142                        | \$0.7142           | \$0.7142             |
| Class Power Cost Equalization<br>Per kWh Payable         |                                 |                    |                      |
| K. Lesser of: (I) x 95%, or (J)<br>All                   | \$0.5379                        | \$0.6838           | \$0.6838             |
| <b>L. Funding Level in Effect</b>                        | <b>100%</b>                     | <b>100%</b>        | <b>100%</b>          |
| All                                                      | <b>\$0.5379</b>                 | <b>\$0.6838</b>    | <b>\$0.6838</b>      |

PC09-0917U  
Appendix 1

# HUGHES POWER & LIGHT COMPANY

APPENDIX 2

SCHEDULE OF ELIGIBLE POWER COSTS, SALES AND EFFICIENCY  
BASED ON TEST YEAR ENDING JUNE 30, 2017

## Fuel Cost Update

|                        |                                               | PC09-0917T                                                   | PC09-0917U     |                      |
|------------------------|-----------------------------------------------|--------------------------------------------------------------|----------------|----------------------|
|                        |                                               | Prior<br>Commission<br>Approved                              | Per<br>Utility | Staff<br>Recommended |
| <b>Non-Fuel Costs:</b> |                                               |                                                              |                |                      |
| A.                     | Personnel Expense                             | 57,976                                                       | 57,976         | 57,976               |
| B.                     | Operating Expense                             | 13,502                                                       | 13,502         | 13,502               |
| C.                     | General and Administrative Expense            | 6,223                                                        | 6,223          | 6,223                |
| D.                     | Depreciation Expense                          | 2,627                                                        | 2,627          | 2,627                |
| E.                     | Interest Expense                              | -                                                            | -              | -                    |
| <b>F.</b>              | <b>Total Non-Fuel Costs</b>                   | <b>80,328</b>                                                | <b>80,328</b>  | <b>80,328</b>        |
| <b>Fuel Costs:</b>     |                                               |                                                              |                |                      |
| G.                     | Gallons Consumed for<br>Electric Generation   | 44,158                                                       | 44,158         | 44,158               |
| H.                     | Price of Fuel: (per gal.)<br>Weighted Average | <b>4.8337</b>                                                | <b>6.1746</b>  | <b>6.1746</b>        |
| <b>I.</b>              | <b>Total Fuel Costs</b>                       | <b>213,447</b>                                               | <b>272,657</b> | <b>272,657</b>       |
| J.                     | kWh Generated                                 | 463,447                                                      | 463,447        | 463,447              |
| K.                     | kWh Sales                                     | 385,509                                                      | 385,509        | 385,509              |
| L.                     | kWh Station Service                           | 40,773                                                       | 40,773         | 40,773               |
| M.                     | Efficiency (J / G)                            | 10.50                                                        | 10.50          | 10.50                |
|                        |                                               | <u>Standard</u>                                              |                |                      |
|                        |                                               | 10.5                                                         |                |                      |
| N.                     | Line Loss                                     | 8.02%                                                        | 8.02%          | 8.02%                |
|                        |                                               | (kWh generated - (kWh Sold + Station Service))/kWh generated |                |                      |

### Calculation of Weighted Average Fuel Price

|          |        |          |    |           |                                        |
|----------|--------|----------|----|-----------|----------------------------------------|
| On Hand  | 1,660  | \$4.8337 | \$ | 8,023.95  | <b>Weighted<br/>Average<br/>6.1746</b> |
| Delivery | 9,556  | \$6.4075 | \$ | 61,230.07 |                                        |
|          | 11,216 |          | \$ | 69,254.02 |                                        |
|          |        |          |    |           |                                        |

PC09-0917U  
Appendix 2

## CALCULATION OF AVERAGE CLASS RATE PER kWh

Rate Schedule: **All**

| (1)<br>Block<br>(by kWh) | (2)<br>Rate<br>(\$/kWh) | (3)<br>Surcharge<br>(\$/kWh) | (4)<br>Total<br>(\$/kWh)<br>(2+3) | (5)<br>Total<br>\$<br>(1x4) | (6)<br>Avg.<br>(\$/kWh)<br>(5)/(1) | (7)<br>Avg. Rate<br>(\$/kWh) -<br>\$ 0.1958 |
|--------------------------|-------------------------|------------------------------|-----------------------------------|-----------------------------|------------------------------------|---------------------------------------------|
| 0 to 750                 | 0.9100                  |                              | 0.9100                            | 682.5000                    | 0.9100                             | 0.7142                                      |
| 751 to                   |                         |                              |                                   |                             |                                    |                                             |
| to                       |                         |                              |                                   |                             |                                    |                                             |
| to                       |                         |                              |                                   |                             |                                    |                                             |
| <b>Max</b> 750           |                         |                              |                                   | <b>Total</b> 682.5000       | <b>0.9100</b>                      | <b>0.7142</b>                               |

Rate Schedule:

| (1)<br>Block<br>(by kWh) | (2)<br>Rate<br>(\$/kWh) | (3)<br>Surcharge<br>(\$/kWh) | (4)<br>Total<br>(\$/kWh)<br>(2+3) | (5)<br>Total<br>\$<br>(1x4) | (6)<br>Avg.<br>(\$/kWh)<br>(5)/(1) | (7)<br>Avg. Rate<br>(\$/kWh) -<br>\$ 0.1958 |
|--------------------------|-------------------------|------------------------------|-----------------------------------|-----------------------------|------------------------------------|---------------------------------------------|
| 0 to                     |                         |                              |                                   |                             |                                    |                                             |
| to                       |                         |                              |                                   |                             |                                    |                                             |
| to                       |                         |                              |                                   |                             |                                    |                                             |
| to                       |                         |                              |                                   |                             |                                    |                                             |
| <b>Max</b> 750           |                         |                              |                                   | <b>Total</b>                |                                    |                                             |

Rate Schedule:

| (1)<br>Block<br>(by kWh) | (2)<br>Rate<br>(\$/kWh) | (3)<br>Surcharge<br>(\$/kWh) | (4)<br>Total<br>(\$/kWh)<br>4.126 | (5)<br>Total<br>\$<br>(1x4) | (6)<br>Avg.<br>(\$/kWh)<br>(5)/(1) | (7)<br>Avg. Rate<br>(\$/kWh) -<br>\$ 0.1958 |
|--------------------------|-------------------------|------------------------------|-----------------------------------|-----------------------------|------------------------------------|---------------------------------------------|
| 0 to                     |                         |                              |                                   |                             |                                    |                                             |
| to                       |                         |                              |                                   |                             |                                    |                                             |
| to                       |                         |                              |                                   |                             |                                    |                                             |
| to                       |                         |                              |                                   |                             |                                    |                                             |
| <b>Max</b> 750           |                         |                              |                                   | <b>Total</b>                |                                    |                                             |

Rate Schedule:

| (1)<br>Block<br>(by kWh) | (2)<br>Rate<br>(\$/kWh) | (3)<br>Surcharge<br>(\$/kWh) | (4)<br>Total<br>(\$/kWh)<br>(2+3) | (5)<br>Total<br>\$<br>(1x4) | (6)<br>Avg.<br>(\$/kWh)<br>(5)/(1) | (7)<br>Avg. Rate<br>(\$/kWh) -<br>\$ 0.1958 |
|--------------------------|-------------------------|------------------------------|-----------------------------------|-----------------------------|------------------------------------|---------------------------------------------|
| 0 to                     |                         |                              |                                   |                             |                                    |                                             |
| to                       |                         |                              |                                   |                             |                                    |                                             |
| to                       |                         |                              |                                   |                             |                                    |                                             |
| to                       |                         |                              |                                   |                             |                                    |                                             |
| <b>Max</b>               |                         |                              |                                   | <b>Total</b>                |                                    |                                             |

# HUGHES POWER AND LIGHT COMPANY

|                                                                                               | Date     | Gallons       | Cost per<br>Gallon | Delivery/<br>Mark-up | Total Cost       |
|-----------------------------------------------------------------------------------------------|----------|---------------|--------------------|----------------------|------------------|
| Beginning Fuel Inventory                                                                      |          | 1,660         |                    |                      |                  |
| Last Approved Fuel Cost/Gal.                                                                  |          |               | 4.8337             |                      |                  |
| Beginning Fuel Inventory in Gallons X Last Approved Fuel Cost/Gal. = Beginning Fuel Inventory |          |               |                    |                      | \$ 8,024         |
| Reporting Period Purchases                                                                    | 07/07/22 | 3,530.0       | 6.4075             |                      | \$ 22,618        |
|                                                                                               | 08/19/22 | 2,520.0       | 6.4075             |                      | \$ 16,147        |
|                                                                                               | 09/10/22 | 3,506.0       | 6.4075             |                      | \$ 22,465        |
|                                                                                               |          |               |                    |                      |                  |
|                                                                                               |          |               |                    |                      |                  |
|                                                                                               |          |               |                    |                      |                  |
|                                                                                               |          |               |                    |                      |                  |
|                                                                                               |          |               |                    |                      |                  |
|                                                                                               |          |               |                    |                      |                  |
|                                                                                               |          |               |                    |                      |                  |
|                                                                                               |          |               |                    |                      |                  |
|                                                                                               |          |               |                    |                      |                  |
| Totals for Reporting Period<br>Purchases on this sheet:                                       |          | 9,556         |                    |                      | \$ 61,230        |
| Grand Totals (beginning inventory plus purchases)                                             |          | <u>11,216</u> |                    |                      | <u>\$ 69,254</u> |
| Total Cost for Reporting Period divided by Total Gallons for Reporting Period =               |          |               |                    |                      | <u>\$ 6.4075</u> |
| Grand Total Cost divided by Grand Total Gallons =                                             |          |               |                    |                      | <u>\$ 6.1746</u> |

Note: Staff included the AK State Fuel Surcharge of \$0.0095/gallon, the Federal LUST tax of \$0.001/gallon, in the calculation above.

Signature: Bob Doyle  
Bob Doyle (Dec 15, 2022 09:16 AKST)

Email: bob.doyle@alaska.gov

Signature: Robert M. Pickett

Email: bob.pickett@alaska.gov

Signature: Daniel Sullivan  
Daniel Sullivan (Dec 15, 2022 11:44 AKST)

Email: daniel.sullivan@alaska.gov

Signature: Janis W. Wilson  
Janis W. Wilson (Dec 15, 2022 13:48 AKST)

Email: janis.wilson@alaska.gov

Signature: Keith Kurber II  
Keith Kurber II (Dec 15, 2022 08:41 AKST)

Email: keith.kurber@alaska.gov

PC09-0917U  
Schedule BKC-1